

**REMARKS**

The Office Action dated December 8, 2009 was received and carefully reviewed.

Prior to this reply, claims 1-36 were pending in the subject application. Presently, claims 1, 33, and 35 are amended to clarify the invention, and not for reasons of patentability. Claims 1-36 remain pending in the subject application.

First and foremost, the Examiner has completely omitted any mention of claim 36 in the Office Action dated December 8, 2009. Consequently, the finality of the Office Action is improper, and Applicants hereby request that this request for reconsideration be entered by the Examiner to provide Applicants with a fair and reasonably opportunity to respond to respond to any rejections/objections present with respect to claim 36 that are presented in the next communication from the USPTO.

Reconsideration and withdrawal of all currently pending rejections are hereby requested in view of the reasons advanced in detail below.

***Claim Rejections - 35 U.S.C. § 112***

Claims 1, 33, and 35 stand rejected under 35 U.S.C. § 112, first paragraph, as allegedly failing to comply with the written description requirement. Applicants assert that the amendment to claims 1, 33, and 35 obviate any perceived lack of compliance with the written description requirement that was noted by the Examiner. Accordingly, it is respectfully requested that the rejection of claims 1, 33, and 35 under 35 U.S.C. § 112 be withdrawn.

***Claim Rejections – 35 U.S.C. § 101***

Claims 33 and 34 stand rejected under 35 U.S.C. § 101 as allegedly being directed to non-statutory subject matter. However, Applicants contend that claims 33 and 34 meet the requirements of 35 U.S.C. § 101, since the method steps recited in these claims are accomplished by or at “a computer server,” and thus are tied to a particular machine. Moreover, by being received, processed, and stored by or at the computer server, the “data” recited in claims 33 and 34 is transformed to a different state or thing since it now resides at the computer server.

Accordingly, claims 33 and 34 both meet the requirements of 35 U.S.C. § 101, and Applicants respectfully request that this rejection be withdrawn.

***Claim Rejections - 35 U.S.C. § 102***

Claims 1-24, 28, and 32-35 stand rejected under 35 U.S.C. § 102(e) as allegedly being anticipated by Kawan (U.S. Patent No. 6,889,198 B2) (*Kawan*, hereinafter). Applicants traverse the rejection for at least the reasons set forth below.

Applicants respectfully submit that present independent claims 1, 33, and 35, and the claims dependent therefrom, are patently distinguishable over *Kawan*, since *Kawan* fails to disclose, teach, or suggest all of the features recited in the pending claims. For example, independent claims 1 and 35 are directed to a transaction system that includes, *inter alia*:

“...a computer server for storing and processing server transaction data and server reward data associated with each of said respective tokens, **wherein said computer server receives token transaction data corresponding to both an instant transaction and to one or more previous transactions, thereby providing redundancy in said token transaction data received by the computer server...**” (Emphasis added)

Independent claim 33 is directed to a computer-implemented method for performing transactions that includes, *inter alia*:

“...receiving at the computer server, **token transaction data corresponding to both an instant transaction and to one or more previous transactions, thereby providing redundancy in the transaction data received by the computer server...**” (Emphasis added)

It is Applicants’ contention that *Kawan* fails to anticipate or render obvious at least the above-recited features with respect to present independent claims 1, 33, and 35.

As seen on page 5 of the Office Action, the Examiner purports that *Kawan* teaches transmitting to “said server said token transaction data corresponding to both an instant transaction and to one or more previous transactions, to thereby provide redundancy in transaction data received by said server,” and cites col. 7, ll. 9-18, col. 9, ll. 8-9, and col. 10, 8-10

as allegedly disclosing this feature. However, col. 7, ll. 9-18 of *Kawan* actually states:

“In an embodiment of the present invention, an alternative method for comparing and updating information in the merchant loyalty register 40 to the purchase log 24 is by comparing all transaction numbers 44 in merchant loyalty register 40 to all transaction numbers 30 in purchase log 24. In this manner, all transactions in the purchase log 24 are analyzed for potentially **updating each merchant loyalty register 40 set up on the smart card 4**. Thus, each merchant loyalty register 40 is updated with transactions that were previously unaccounted for from the purchase log 24.” (Emphasis added)

With respect to the above disclosure of *Kawan*, the transactions are analyzed to be updated on the merchant loyalty register that is set up on the smart card. In other words, the transaction data of *Kawan* is being updated at the smart card, and not at the computer server. Consequently, *Kawan* cannot teach or suggest providing redundancy in said token transaction data received by the computer server, as in the present invention.

Additionally, *Kawan* states at col. 9, ll. 8-15:

“The merchant terminal, either on-line or periodically, reports the data back to the central system. In such case, the need for stand alone terminal 2 is eliminated, which is more secure, because **performing the loyalty update on the card 4 instead of on an external stand alone terminal 2 eliminates the possibility of a third party intercepting transmission of the transaction to and from the card 4** and therefore eliminates an opportunity for the third party to tamper with the transmission.” (Emphasis added)

Although *Kawan*’s merchant terminal appears to report back to the central system (e.g., either on-line or periodically), the loyalty updates are performed on the card instead of at an external stand alone terminal. Again, there is no redundancy in token transaction data received by the computer server in the disclosure of *Kawan*, but rather merely an update of information on the card.

Still further, col. 10, ll. 7-19 in the disclosure of *Kawan* reads:

“In an alternate embodiment of the present invention, a merchant or home PC terminal completion and/or authorization of

a financial transaction with an on-line host causes the **automatic calculation of loyalty points, at the host, to be down-line loaded during the same financial transaction to the smart card**. The loyalty program, in this case, is real time driven and/or controlled from the host end to maintain database and smart card synchronism. Other embodiments are driven and/or controlled from the terminal and/or smart card end that provide for real time or batch delayed database and smart card synchronism. The real time, on-line approach provides for more sophisticated dynamic loyalty programs without having to update programming in terminals and cards.” (Emphasis added)

The “automatic calculation” described in *Kawan* appears to be performed at the host, the actual reward entitlements (e.g., loyalty points) are stored in real-time on the card, which is then available for redemption from the card. In other words, no reward is available at the server for redemption. Redemption can only be made based on the reward entitlements stored on the card, even though the calculation of reward (e.g., loyalty points) is done at the host in *Kawan*’s disclosure.

*Kawan*’s disclosure involves the use of a smart card because loyalty points calculated at the host are down-line loaded during the same financial transaction to the smart card. Those who are skilled in the art understand that “down-line loaded during the same financial transaction to the smart card” effectively means the removal of the award (e.g., entitlement) calculated at the host and physically loaded to the smart card and thereby making such entitlements become available for redemption only from the smart card, not from the host (even though a record of the instant award of entitlement is stored at the host). Recording an award at the host and downloading the same awarded entitlement from the host to the smart card, which is what is disclosed by *Kawan*, are not the same as “receiving at the computer server, token transaction data corresponding to both an instant transaction and to one or more previous transactions, thereby providing redundancy in the transaction data received by the computer server.”

The present invention discloses a different system and method where rewards calculated at the host are stored in the host (e.g., “server reward” or “Host Rewards” as defined in specification of present invention), which is available for redemption directly from the host. This can be done without the use of a smart card (token) in the entire process (see, e.g., p. 1, ll. 23-28,

p. 7, ll. 28-35, and p. 18, ll. 12-28 of present invention specification), whereas *Kawan* discloses the use of a smart card and rewards calculated at the host is down-line loaded to the smart card and therefore such rewards will only be available for redemption from the smart card (see *Kawan*, e.g., p. 10, ll. 7-12).

Furthermore, the present invention also discloses that the server reward can also be downloaded to and stored on the card token in a separate transaction and not as part of the same instant transaction which calculates the reward at the host, and thereby becomes “token reward” (i.e., reward stored on the card and is available for redemption from the card), which can then be redeemed (offline) directly from the token without involving the server as part of the redemption transaction (see, e.g., p. 19, ll. 3-16 and p. 21, ll. 18-21 of present invention specification). This is different from *Kawan*’s disclosure where download of rewards calculated at the host to the smart card is done during the same financial transaction to the smart card (see *Kawan*, e.g., col.10, ll. 10-12).

*Kawan* also does not teach the transfer (removal) of token reward from the token to the server, i.e., removal of the token reward available on the card and post it to the server so that the reward becomes available on the server for redemption from the server, instead of from the card, as taught by the present invention (see, e.g., p. 8, ll. 7-12 of present invention specification). One advantage of Applicants’ invention over the system disclosed by *Kawan* is that rewards earned in offline mode and stored in a smart card can be uploaded (i.e., removed) from the smart card to the server, thus making the rewards available for customer’s redemption by accessing the server online (e.g., via home PC) without using the smart card which also means no card reader is required. This eliminates the inconvenience of *Kawan*, where a smart card and a card reader are required for reward redemption.

The Examiner is reminded that “[a] claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art

reference.”<sup>1</sup> For at least the aforementioned reasons, the contrary has been indicated, and it is respectfully requested that that rejection of independent claims 1, 33, and 35 under 35 U.S.C. § 102(b) be withdrawn, and that claims 1, 33, and 35 receive allowance.

Claims 2-24, 28, 32, 34, and 36 are allowable at least by virtue of their dependency from one of the independent claims, but also because they are distinguishable over the prior art. Thus, these claims are in condition for allowance, and Applicants request withdrawal of this rejection.

### ***Claim Rejections – 35 U.S.C. § 103***

Claims 25 and 26 stand rejected to under 35 U.S.C. § 103(a) as allegedly being unpatentable over *Kawan* in view of *Sehr* (U.S. Patent No. 5,566,327) (*Sehr*, hereinafter). Claim 27 stands rejected to under 35 U.S.C. § 103(a) as allegedly being unpatentable over *Kawan* in view of *Sehr* and in further view of Official Notice. Claim 29 stands rejected to under 35 U.S.C. § 103(a) as allegedly being unpatentable over *Kawan* in view of Official Notice. Claims 30 and 31 stand rejected under 35 U.S.C. § 103(a) as allegedly being unpatentable over *Kawan* in view of Freeman et al. (U.S. Patent No.: 6,450,407 B1). Applicants traverse this rejection for at least the followings reasons.

Regarding the rejection of claims 25-27 *Sehr* fails to make up for the above-recited deficiencies of *Kawan*. With respect the rejection of claims 27 and 29, the Office Record taken by the Examiner fails to make up for the above-listed shortcomings of *Kawan*. Further, with regard to the rejection of claims 30 and 31, *Freeman* fails to make up for failings of the *Kawan* reference, which are listed above. Thus, the Examiner has failed to make a proper *prima facie* case of obviousness, and Applicants respectfully request the withdrawal of the rejection under 35 U.S.C. § 103(a), and the allowance of claims 25-27 and 29-31.

Applicants respectfully submit that claims 25-27 and 29-31 are also allowable at least by virtue of their dependency from one of the independent claims, but also because they are distinguishable over the prior art. Accordingly, Applicants respectfully request the withdrawal

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<sup>1</sup> Manual of Patent Examining Procedure (MPEP) § 2131. See also *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631, 2 USPQ2d 1051, 1053 (Fed. Cir. 1987).

of the rejection, and the allowance of these claims.

In view of the foregoing, it is submitted that the present application is in condition for allowance and a notice to that effect is respectfully requested. If, however, the Examiner deems that any issue remains after considering this response, the Examiner is invited to contact the undersigned attorney/agent to expedite the prosecution and engage in a joint effort to work out a mutually satisfactory solution.

**Except** for issue fees payable under 37 C.F.R. § 1.18, the Commissioner is hereby authorized by this paper to charge any additional fees during the entire pendency of this application including fees due under 37 C.F.R. §§ 1.16 and 1.17 which may be required, including any required extension of time fees, or credit any overpayment to Deposit Account No. 19-2380. This paragraph is intended to be a **CONSTRUCTIVE PETITION FOR EXTENSION OF TIME** in accordance with 37 C.F.R. § 1.136(a)(3).

Respectfully submitted,

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